ASTI Holdings Limited
(Company Registration No. 199901514C)
(Incorporated in the Republic of Singapore)
(the "Company")

RESPONSES TO QUERIES
FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The board of directors (the "**Board**" or "**Directors**") of ASTI Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") refers to the Company's announcements dated 18 December 2017, 20 March 2018, 2 April 2018 and 9 April 2018 (the "**Announcements**") in relation to the proposed disposal by the Company of 100% of the entire issued and paid-up capital of its wholly-owned subsidiary, Semiconductor Technologies & Instruments Pte Ltd (the "**Proposed Disposal**").

Unless otherwise defined herein, capitalised terms used herein shall bear the same meaning ascribed to them in the Announcements.

The Company sets out below its responses to further queries from the SGX-ST on the Proposed Disposal.

SGX Queries:

1. Who are the directors and shareholders of VSA Capital Shanghai Limited ("VSA Capital")?

Company's Response:

The sole shareholder and director of VSA Capital is FeiFei Zheng.

2. The success fee is S$17.2 million, which is substantial based on the consideration of S$90 million and the aggregate potential transaction value of S$128 million (including pre-closing dividend) representing 19.1% and 13.4% respectively.

(a) Is this success fee in line with market rate?

Company's response:

The success fee is not in line with the typical market rate. However, while it may not be in line with typical market rate, the success fee was based on a tiered formula to incentivise VSA Capital Shanghai Limited ("**VSA**") to achieve a better commercial deal for the Company, which is the case in this situation. As indicated in the Company's announcement dated 9 April 2018, the offer for the STI Group is significantly better than previous offers by other purchasers, even after taking into consideration the deduction of the success fee, although this cannot be disclosed at this time due to confidentiality provisions.

(b) In the event that the profit warranty is not achieved, the consideration could be reduced by up to S$17 million, resulting in a reduced consideration of S$73 million. Why is the success fee not adjusted accordingly and this amount not withheld from the financial adviser until after the profit warranty period expires?

Company's response:

The agreement with VSA at this time does not include an adjustment mechanism. It is not unheard of for such success fees not to include such an adjustment mechanism.

(c) Does any director or substantial shareholder of the Company have any interest, direct or indirect in the success fee (i.e. have any arrangement, understanding arrangement with the financial adviser to share the success fee)?

Company's response:

No director or substantial shareholder of the Company have any interest, direct or indirect, in the success fee.

3. We note that the profit warranty of S$ 17 million for 2018 and 2019 is significantly higher than the historical profits achieved by STI Group. What is the basis for the Target Profit of S$17 million.

Company's response:

For the purposes of determining if the Target Profits are met, the Actual Profits for each of the financial years ended 31 December 2018 and 31 December 2019 would not take into account corporate expenses/charges by the Company to the STI Group which were historically charged. As an illustration, the average net profit before tax (and ***excluding*** such historical corporate expenses/charges by the Company) for the STI Group for each of the financial years between the financial year ended 31 December 2015, 31 December 2016 and 31 December 2017 is S$10,200,000 per annum. This gives the Company confidence that the aggregated Target Profits of S$17 million for both 2018 and 2019 can be met.

By Order of the Board

Dato' Michael Loh Soon Gnee
Executive Chairman & Chief Executive Officer
ASTI Holdings Limited
16 April 2018